



**Government Response to the Communities and Local Government  
Select Committee's Report on the Department for Communities and  
Local Government's Annual Report 2009**

**Presented to Parliament by the Secretary of State for the Department for  
Communities and Local Government by Command of Her Majesty**

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# **Government Response to the Communities and Local Government Select Committee's Report on the Department for Communities and Local Government's Annual Report 2009**

## **Introduction**

1. We are grateful to the Committee for its inquiry into the Department's 2009 Annual Report. We have considered the Committee's comments carefully and we provide our responses to each of their recommendations and conclusions herein.

## **Government Response**

**Recommendation 1: We commend the Department for the focus which it has maintained on [the issues of chronic undersupply of housing and the effects of the credit crunch] and for the progress which it has reported up to now. However, we anticipate that future reports will show much weaker progress as the effects of the credit crunch feed through into reported figures for new housing completions. The Department will need to continue to report clearly and honestly on progress, both to ensure accountability for its performance and to enable it to adjust its programmes appropriately to take account of the effects of its policies.**

2. The Department fully accepts the importance of clear performance reporting on its activities. In applying this approach to its Annual Reports and Autumn Performance Reports, it supplements the transparent reporting of progress on the Departmental Strategic Objectives (DSOs) and Performance Service Agreement (PSAs) indicators as agreed in the Comprehensive Spending Review (CSR) 2007 (and as set out in the relevant published DSO measurement annexes and PSA delivery agreements) with other relevant information, including more recent data from related data sources and comparison with related targets.
3. DSO 2 provides an exemplar. Paragraphs 8 and 9 of the Select Committee's report refer to numbers of housing completions (a key element of the DSO 2.1 'net affordable homes') and to the Housing Pledge delivery targets (relevant to the broader target for DSO 2.3 on affordable homes).
4. Quarterly house building completions figures are produced as National Statistics and are therefore subject to the UK Statistics Authority's Code of Practice for Official Statistics, a standard that the department seeks to implement across all its statistical work. The Department intends to continue this approach, to allow continued accountability for progress against its formal targets and include other relevant and up-to-date evidence that can be taken into account when adjusting its programmes and policies.

**Recommendation 2: We re-emphasise the importance of maintaining the supply of planning skills to the achievement not only of the central aim of a decent home for all but to a range of Government objectives. We call for greater Ministerial focus on this area and hope that it will result in improved performance being reported in the next Departmental Annual Report.**

5. There is already a substantial Ministerial focus on planning skills and a range of activities have been put in place to address this long term issue. These include:
  - Post Graduate Planning Bursary Scheme;
  - Creation of two distance learning planning courses;
  - One off capacity building grants to three universities;
  - Planning Delivery Grant /Housing Planning and Delivery Grant;
  - Increases in Planning Fees;
  - Development economics training programmes;
  - Funding the Homes and Communities Agency Academy (HCAA), ATLAS (Advisory Team for Large Applications), the Planning Advisory Service (PAS) and the Commission for Architecture and the Built Environment (CABE);
  - Setting up the Planning Skills and Capacity Building Board; and
  - £9.75m funding to local authorities to improve skills and capacity of local authorities including planners to deal with climate change. Including funding to the Royal Town Planning Institute to develop a Continuing Professional Development Virtual Learning Environment with a focus on climate change
6. The bursary programme was expanded by 67% in 2009/10. Since the implementation of this programme, there has been a steep rise in the number of planning students from just over 600 in 2000 to just over 1000 in 2007. As announced by the Housing Minister during the 15 March 2009 oral evidence session with the Committee on housing and planning matters, the Government has increased the number of bursaries in the 2010/11 round of the bursaries programme to 181.
7. Recent research has shown that the reduction in the number of planners in the downturn has not been as large as expected. An employment survey recently conducted by the Department reported that there has been a 4% reduction in planners employed in local authorities. Given the 22% drop in numbers of applications this is less than would be expected in a recession. In addition, in the 2009 local government workforce survey the number of local authorities experiencing difficulties in recruiting staff decreased from 55% to 44%.
8. The emerging findings of the Market Intelligence Research (part of the Mind the Skills Gap (MSG) report) presents a positive picture. The qualitative analysis did not uncover major issues related to shortage of capacity compared to the 2007 MSG report. There is a general view that

the supply of entrants to the planning profession have improved in terms of quality and quantity.

9. The work of the Planning Skills and Capacity Co-ordination Board has led to co-operation on the business plans of the capacity building bodies funded by CLG.

**Recommendation 3: It is clear from the National Audit Office's comments on the range of projects undertaken in the Fire Service that project management skills are lacking in the Department and that this is having a serious effect on the achievement of the Department's objectives.**

10. Over the course of the last year, the department has put considerable effort into building our overall Programme and Project Management capacity. We have developed and delivered a Project and Programme Management (PPM) Training Programme targeted at junior through to senior managers within the Department, which provide staff with core PPM skills and techniques that they can apply in their day-to-day work. Since August 2008, 975 (54%) of staff have been through this training - a further phase is planned for 2010/11. In addition, we have also run a programme to put staff working in key delivery roles through more advanced PPM training, leading up to a formal qualification. The first phase of this is now complete, resulting in 20 staff achieving an externally recognised PPM qualification.
11. As well as formal training we have also focussed on developing a PPM Network for the Department's PPM Practitioners to help them build up personal contacts and also share their knowledge and skills. We have now launched a similar network for the Department's Senior Responsible Owners. In addition, we have also run a series of Delivery Master Classes, which are open to all staff within the Department, where a person leading a substantial project that has just been concluded shares their experiences and lessons learnt.
12. On the fire projects specifically referenced we have taken the necessary steps to ensure that we have the strongest team in place to deliver these successfully. A particular area of focus has been the strengthening of our commercial team. We have recruited experienced commercial professionals, including a new commercial director, and have put in place more robust contract management arrangements to underpin delivery.
13. We have also put significant efforts into developing the PPM skills across these project teams, including through industry-standard training and qualifications as well as mentoring by highly experienced IT-enabled change project managers. We have also strengthened the project governance arrangements to ensure greater accountability through these structures supported by more effective risk management.

14. As a result of these actions we now have a strong team with a good mix of civil servants, FRS secondees and independent specialist consultants and we believe the right skills to deliver these projects.

**Recommendation 4: We commend the Department and the Fire and Rescue Service for the progress which it has made on the most important of its DSOs, reducing the incidence of fires and the number of deaths and casualties from them.**

15. The Government welcomes the Committee's recognition of our actions in reducing the number of incidences of fires and fire related deaths and casualties.

**Recommendation 5: Last year, we congratulated the Department on the achievement of its SR04 efficiency targets, but said that we would "watch with interest" to see whether it was capable of achieving the further demanding targets which have been set for it in the CSR07 period. As is evident from the above, achievement of the Department's overall target of £887 million in efficiency savings by March 2011 will be extremely challenging. Failure to do so will leave a very significant hole in CLG's plans. We look forward to seeing what contingency plans the Department has in place to identify other sources of efficiency savings that will contribute to the £887 million target, or otherwise to cover the shortfall should they not be achieved. Meanwhile, we also look forward to seeing the details of how the Department will achieve its target for staff relocation, and the additional £100 million of savings by March 2011 announced in the 2008 Pre-Budget Report.**

16. In CSR07 the Department undertook extensive reviews across CLG programme spend to identify scope for efficiency savings and established ambitious targets – especially for affordable housing. As a result of the credit crunch, and its impact on the construction industry and housing markets, we are facing increased unit costs of intervention in housing and regeneration programmes which constitute the bulk of CLG spend. However, we did identify £100m of additional savings through more effective use of funds in a range of programmes across the Department (for example, the Housing and Planning Delivery Grant) and these were agreed at Budget 2009 (and published within the Value for Money Update on the Cabinet Office website).

17. Given the scale of the credit crunch and its impact on the housing and regeneration markets there is no short-term mitigation strategy that could have delivered significant alternative savings. In the longer term, CLG's contribution to the Government's fiscal stimulus has helped stabilise markets and maintain delivery of affordable housing. The HCA continue to actively monitor the position and through its competitive bidding process trying to drive down grant rates where possible.

18. At Budget 2009, CLG agreed to deliver further reforms which will deliver £100m savings in 2010/11 to contribute to the additional £5bn savings

across Government that were announced in the 2008 Pre-Budget Report. These reforms include:

- £65m of value for money (vfm) savings through more effective use of funds to tackle the problems of the most difficult housing estates, by concentrating on supporting local authorities in their work with communities, local and regional partners;
- £20m of vfm savings from the Housing and Planning Delivery Grant (HPDG), through reassessment of priorities in the light of changed economic conditions, and a tighter focus of spending in support for Local Authorities to deliver more housing and build planning capacity; and
- £15m of vfm savings from a range of programmes across the Department. These include savings from planning budgets, which will be re-profiled to deliver better value for money, whilst preserving outputs.

19. As part of SR04, the Department agreed a target to relocate 240 posts outside of London and the South East by March 2010. We have reported to date relocation of 220 posts. We are on track to meet our target and are negotiating the final position with Office Government Commerce (OGC). We will report our final relocation total to OGC in April 2010.

**Recommendation 6: We share the Secretary of State's frustration at being unable—nearly two years now into the Comprehensive Spending Review period—readily to put our hands on a set of figures which show how well the Department is doing. The most recent Autumn Performance Report offers a fuller picture than did the DAR, but even now is still not complete. If the system of setting, and reporting progress against, Public Service Agreement and Departmental Strategic Objective targets is to be worthwhile, much greater efforts need to be made to ensure that information is available at a much earlier stage by which to judge whether progress is being made. Otherwise accountability for Departmental performance becomes impossible to maintain effectively.**

20. We have looked in great detail at the indicators with which we are currently measuring our performance. The data have to be captured and measured to set the baselines so that progress can be tracked, and limited time lags in data becoming available for measuring progress are inevitable, if robust figures are to be used. Only one baseline now remains to be set, for DSO 4.4 (the extent to which domestic communities, particularly Muslim communities, reject and condemn violent extremism), where the Department is continuing to explore ways to measure our intended outcomes and to ensure data quality standards are met.

21. We reported post-baseline data for 39 out of 50 CLG indicators in the 2009 Autumn Performance Report, and under current plans we will be able to report on 43 out of 50 by the time of the 2010 Departmental Annual

Report. Figures for six of the remaining seven indicators are due to be available in time for the 2011 Departmental Annual Report. The seventh indicator is DSO 5.8 on the quality of housing sites, for which few local authorities are currently including the relevant information in their Annual Monitoring Reports, and so the Department is considering alternative ways of auditing progress.

22. More generally, we continue to work hard to ensure that our reporting systems are able to be based on timely and relevant data. We agree that it is highly desirable for data for measuring the Department's performance to become available as soon as possible. We have sought to do that with the current set of indicators, and recognise that the ease of early measurement needs to be a factor in the choice of indicators made when developing the next performance framework.

**Recommendation 7: We welcome the steps which the Department has made, and continues to make, to improve the way in which it engages with its stakeholders in the formulation and delivery of policy.**

23. The Department thanks the Committee for recognising its improving engagement with stakeholders. We agree that more can be done to enhance our effectiveness and we intend to address the points raised in the Department Annual Report and the stakeholder survey by implementing a refreshed strategy in the summer of 2010.
24. This will include communicating our departmental objectives and priorities better, developing a more consistent approach to engagement across the Department and empowering junior-level staff to have more open discussions with stakeholders.

**Recommendation 8: We commend CLG for the action which it has taken to meet Ministers' priorities in this difficult period. We also recognise the steps which the Department has taken to strengthen its capacity and equip itself to deliver on those priorities. We conclude that we still have yet to see consistent and sustained evidence that the Department possesses the full range of skills required for the effective formulation and delivery of the policies for which it is responsible. We expect to see further progress recorded in the next Departmental Annual Report.**

25. The Department is taking forward its plans to continue to build capacity to meet Ministers' priorities both through strengthening systems, structures and processes, and by implementing an ambitious programme of business change.
26. We have introduced a series of changes which have enabled us to deploy resources swiftly to meet Ministerial priorities and challenges in the external environment. We have continued to increase our operational efficiency, through a quarterly business planning review process which identifies clearly how all of our resources are deployed, and when current work packages will reduce, freeing up resources to support emerging



priorities. We have continued to improve the quality of back office support services across the CLG Group and have brought all central London staff together in a single headquarters building, delivering savings and improving the quality of the working environment. Our recent Procurement Capability Review found that we have made a “remarkable improvement” in our procurement capability.

27. We are driving an ambitious change programme, underpinned by our Departmental values, to extend gains in our flexibility, resilience, and efficiency. This change will make CLG a more agile and flexible Department, better able to respond quickly and effectively to changing Ministerial priorities and the expected pressures to reduce resources.
28. We have made a series of improvements to strengthen our leadership and performance in policy delivery.
29. We have appointed additional Non-Executive Directors to extend the range of challenge and experience available to the Department, recruited two new Director-Generals with significant experience of working with a wide range of our key stakeholders and expanded membership of our Board Executive to deliver more effective day-to-day management of the Department. We have strengthened and extended our approach to leadership: building the leadership role of our Senior Civil Servants (CSC), engaging more with leaders outside the SCS and delivering new learning and development offers to build our leadership capabilities.
30. To build our delivery and assurance capability we have strengthened board level scrutiny of delivery performance and continued to invest in core delivery skills: over half of our staff have been through our tailored Programme and Project Management training programme; 20 staff members in key delivery roles have received advanced training leading to a recognised qualification.
31. We have further developed our analytic capacity and capability, creating a Special Projects Unit to strengthen the Department’s strategic analytical and strategic policymaking capability and establishing a Strategic Analyst Team that is flexibly deployed to areas of the Department where there is no permanent analytic support.
32. We are listening more systematically to what our stakeholders say, and significantly expanded our research into stakeholders’ views of what it is like to work with the Department. We have established a cross-department network to highlight and spread good practice in seeking and using customer insight to drive our work.

**Recommendation 9: The Department can help itself in the task of improving its capability by improving its workforce planning. Leaving staff in post for an average of just 9 months before moving them on to something new is not a sensible way to run an organisation. If our successors in the next Parliament choose to repeat this exercise of**

**examining the performance of the Department next year, we would expect them to look for evidence that this issue has been addressed.**

33. The speed and flexibility required of the department in response to the credit crunch and drive for recovery has required us to deploy staff more actively within the department as Ministerial priorities require. Our staff turnover – measured in an established way – is at a comparable level to other organisations and has reduced over the last few years.
34. Results from the 2009 Staff Survey show that our staff value the type and range of work we are able to offer them. 90% of respondents said that they are interested in their work and 77% said that they are sufficiently challenged by their work.

**Recommendation 10: Meanwhile, the issue of Ministerial turnover, though it is one which has an equally negative effect on Departmental performance, is not one which the Department itself has any power to address. For that, we must appeal to the Prime Minister. We urge the Prime Minister to take greater account of the prerequisites for effective government when conducting Ministerial reshuffles.**

35. It is the responsibility of the Prime Minister of the day to structure the government as he sees fit to respond to challenges and ensure that government is focussed on the key issues.
36. Accountability mechanisms are in place for effective Parliamentary oversight and scrutiny of the implementation of those decisions and to explain to the public the Prime Minister's reasoning for making significant changes. The Government has also committed to the Public Accounts Select Committee that Ministers will make themselves available to Select Committees who wish to examine the implementation of changes.

**Recommendation 11: We urge both officials and Ministers in the Department not to allow the challenges of the economic downturn to distract them from long-term policy goals, especially in housing. These are important issues for the future of the country and will require considered and rigorous policy formulation as well, in due course, as effective delivery. It will also be crucial that the Department engage effectively with its stakeholders, both within and outside Government, if the questions which these issues raise are to be resolved successfully.**

37. The Department remains fully committed to delivering long-term policy goals across the Department.
38. As the Select Committee are aware the Department put in place a swift and substantial package of measures to meet the challenges of the economic and housing market downturn, meeting short-term pressures as well as protecting long-term policy goals. The Department will continue to make preventing repossessions a high priority.

39. The Department is also committed to maintaining the delivery of affordable housing and maintaining capacity in the industry supported by an effective planning system that facilitates the necessary land supply so that it can respond as market conditions improve. The Department fully recognises the contribution that housing makes to supporting growth and the green agenda in generating new industries, new jobs and promoting opportunities across the country. The Department's investment and commitment to driving forward longer-term policy goals remains as strong as ever.
40. The Department agrees that effective engagement with its stakeholders will help produce well-formed policy, especially in the current economic climate. We will continue to embed best practice through the implementation of our stakeholder strategy. This will apply consistent stakeholder engagement principles and processes across all areas of the Department.
41. The Department, through collaboration with and learning from other departments, will ensure our practices improve alongside our Whitehall counterparts.

**Recommendation 12: Last year we said that we looked forward to seeing further progress towards seeing CLG develop its role as a “big hitter” within Whitehall and elsewhere. The evidence we have taken for this inquiry, including from the Department’s most recent Annual Report, shows that there remains some way to go before it can be described as such. However, there is evidence of progress, and further evidence that the Department’s Ministerial leadership is aware of what is required and is in a position to exert the influence which is required to pursue CLG’s policy goals effectively. We look forward again to seeing further progress when we repeat this exercise of looking at CLG’s Annual Report next year.**

42. We are grateful for the Committee’s recognition of the progress of the Department in its role as a ‘big hitter’ across Whitehall and elsewhere. CLG has continued to strengthen its influence in order to pursue its own policy goals.
43. The Department continues to play a leading role in the National Economic Council, and the Domestic Policy Council. Both the Secretary of State and the Minister for Housing have presented to these key set piece meetings on a number of issues. Furthermore, housing, repossessions, regeneration, infrastructure, skills and apprenticeships continue to be areas of significant interest where the Department plays a lead or an important role.
44. The Department has led on the Government's decisive response to the threat of increased home repossessions, ensuring that help was available at every stage to struggling households, including through the implementation of two innovative new schemes to:

- support households struggling with their mortgage repayments; and
  - establishing a new local authority repossession prevention fund; funding of debt advice services in courts and raising awareness amongst households of the help available.
45. We have also worked closely with lenders through the Preventing Repossessions Stakeholder Group and the Home Finance Forum to emphasise the importance of offering forbearance to their customers in difficulty, and ensuring they are able to access government support schemes where appropriate. The Department has also moved decisively to provide financial stimuli to the housing market, boosting our spending on social housing and providing important support to industry to maintain a flow. In addition, we have secured local government's significant role in helping to deliver the 170,000 additional jobs for young and disadvantaged people promised through the Future Jobs Fund. The Department for Work and Pensions have, to date, announced seven rounds of successful bids standing to create up to 110,000 jobs. In addition, the Department also gave Working Neighbourhoods Fund authorities an additional £40m top up to help them to respond to the recession and tackle worklessness.
46. The 2009 Pre-Budget Report announced that the government would assess the efficiency and effectiveness across government of interventions to tackle worklessness, and promote growth and inclusion in deprived areas, and the institutions that deliver them. CLG have led a cross-government review jointly with HM Treasury to deliver this commitment, and are developing a strong package of proposals for Budget 2010 - which have both reflected and progressed the Department's policy goals to embed Total Place across government and ensure that interventions are more personalised to the needs of individual people and particular places.
47. CLG, in conjunction with HM Treasury, have driven the implementation of the Budget 2009 announced Total Place programme, which aims to take a whole area approach to public services that result in better services at a lower cost. The Total Place approach has generated considerable enthusiasm from across all levels of government, the third sector and beyond. We have facilitated engagement between the place-based pilots and Whitehall. Their discussions and co-design of solutions have enabled us to introduce measures in the Total Place final report to meet the delivery of real, customer focussed service improvements and savings demonstrated by the pilots.
48. Negotiating and influencing across a range of government departments CLG has played a central role in the development of a package of measures for the Smarter Government White Paper, which will drive forward a number of the Department's key objectives. In particular, CLG worked closely with HM Treasury to develop measures to increase the flexibility of frontline organisations to collaborate and respond to local

priorities, in order to deliver better quality services more efficiently. This included commitments to reduce and simplify the number of revenue streams to local government by April 2010, and synchronising of grant payments from departments to local authorities for 2011/12. There are a range of measure to allow local areas to guide capital resources and critically a cross-Whitehall commitment to streamlining the National Performance Framework and significantly reducing the number of high-level priorities we set out at a national level. By April 2010, we will reduce the number of national indicators for local areas, and look for further opportunities to reduce – by a further 25% or more – following a review and consultation period.

49. The Department has also been instrumental in the establishment of the Making Public Data Public programme. The Department has also led on the formation of a panel to work closely with local authorities, strategic partners, government departments and agencies, developers and community organisations to help improve local public services and empower citizens.



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